

The Gazette



of India

EXTRAORDINARY
PUBLISHED BY AUTHORITY

NEW DELHI, SATURDAY, MARCH 22, 1947

GOVERNMENT OF INDIA
DEPARTMENT OF COMMERCE
RESOLUTIONS

TARIFFS

New Delhi, the 22nd March 1947

No. 218-T(31)/47.—In their Resolution No. 28-T(6)/46, dated the 20th January, 1947, in the Department of Commerce, the Government of India requested the Tariff Board to hold a summary enquiry and advise Government whether in the present circumstances protection at the existing or at a different scale should be granted for a further period of one year after the 31st March 1947 to the paper and paper pulp industry. The Board, having conducted an enquiry, has submitted its report. Its main recommendations are as follows:—

(i) "The industry has failed to substantiate its case for continuance of protection. The protective duties now in force should be allowed to expire with effect from the 1st April 1947 and thereafter the protected varieties of paper should be treated as unprotected varieties, liable to revenue duties which may be imposed by Government on purely budgetary considerations.

(ii) The consequence of de-protection should not ordinarily be an increase in the quantum of duty

(iii) The request of the paper industry that the duty on wood pulp should be lower than what it is today is endorsed. If substitution of imported pulp for locally made pulp takes place on a very large scale an enquiry into the matter should be held and necessary action taken to safeguard the Indian pulp industry by an increase in the rate of customs duty.

(iv) The revenue duty leviable on writing paper (ruled and printed) should not be more than 30 per cent. *ad valorem*, while the revenue duty leviable on all other sorts should not be in excess of 10 4/5 pies per lb. Similarly the revenue duty on printing paper containing mechanical wood pulp amounting to less than 70 per cent. of the fibre content should not be higher than 10 4/5 pies per lb.

(v) Simultaneously with the announcement of de-protection, Government should make a categorical declaration

(a) that this industry is one of national importance,

(b) that Government will forward any application received from the industry for protection to the Tariff Board for investigation and report.

(c) that Government will pass orders on the report of the Board as expeditiously as possible, and

(d) that every endeavour will be made to complete all these stages in a period not exceeding six months.

(vi) The industry is advised to make more substantial contributions towards research."

2. Government accept recommendations (i) and (ii) and the existing protective duties on paper and paper pulp will lapse from the 1st April 1947.

3. The question of the rates of revenue duty to be imposed in place of the protective duties is under consideration and a separate announcement will be made on the subject.

4. The Government of India are pleased to give an assurance to the paper and paper pulp industry that it will be free at any time to approach them with a request for protection from competition from abroad, and that in the event of such a request being made, Government will

forthwith institute a tariff enquiry if satisfied that since the receipt of the Tariff Board's report there has been a change in conditions which would justify the institution of a fresh enquiry. The enquiry will be carried out as expeditiously as possible.

5. Government wish to draw the attention of the industry to recommendation (v) of the Board contained in paragraph I of this Resolution and expect the industry to take necessary steps to implement it.

ORDER

ORDERED that a copy of the Resolution be communicated to all Provincial Governments, all Chief Commissioners, the several Departments of the Government of India, the Political Department, the Private and Military Secretaries to His Excellency the Viceroy, the Central Board of Revenue, the Auditor General, the Director General of Employment and Resettlement, the Director General, Industries and Supplies, the High Commissioner for India in London, the Economic Adviser to the Government of India, the Director of Commercial Intelligence, Calcutta, the Indian Trade Commissioner, London, the Indian Trade Commissioners at New York, Buenos Aires, Toronto, Alexandria, Colombo, Paris, Mombasa, Tehran and Sydney, the Trade Agent, Kabul, His Majesty's Senior Trade Commissioner in India, the Australian Trade Commissioner in India, the American Consulate General, Calcutta, the Canadian Trade Commissioner in India, the Secretary, Tariff Board, Bombay, the Chief Controller of Imports, and all recognised Chambers of Commerce and Associations.

ORDERED that a copy be communicated to the Government of Burma.

ORDERED also that it be published in the *Gazette of India*.

No. 218-T(1)/47.—In their Resolution in the Department of Commerce No. 218-T(55)/45, dated the 8th November 1945, the Government of India referred to the Tariff Board a claim to protection received from the Woodscrews industry. The terms of reference to the Tariff Board are contained in paragraph 5 of the Resolution.

2. The Board, having considered this claim, has submitted its report to Government. The Board considers that the iron and steel woodscrews industry qualifies for the grant of protection in the transition period and has made the following recommendations:—

(1) "Manufacturers of woodscrews must endeavour to obtain more efficient and up-to-date, machinery.

(2) The Director General, Industries and Supplies, should make available to the woodscrews industry at least 530 tons of steel wire per annum during the period of protection recommended by us. The manufacturers of woodscrews should form themselves into an association and order wire in bulk from the wire manufacturers and distribute it among the Indian producers.

(3) In our calculation of the cost of production we have taken the price of wire at Rs. 532 per ton which is based on the current price of wire. If this price is increased

substantially, the measure of protection recommended by us will have to be re-examined.

(4) The existing revenue duty of 30 per cent. on iron and steel woodscrews should be converted into a protective duty of 30 per cent. *ad valorem* and the protective duty should remain in force till the 31st March 1950. If during the period before 31st March 1948 the landed cost of imported woodscrews of the size of 1" x 8" inclusive of duty goes below 14 annas per inch gross, a subsidy should be paid to the Indian manufacturers equal to the difference between the lowest landed cost in the preceding half year and the fair selling price, namely 14 annas per inch gross. The subsidy to be given during the period from 1st April 1948 to 31st March 1950 should be the difference between the lowest landed cost and 12 annas per inch gross. The subsidy proposed should be paid every six months and should be given on the basis of sales during the preceding half year. The scale of subsidy would be applicable only to the existing manufacturers. So far as the future manufacturers are concerned, they should not be debarred from subsidy but in their case the fair selling price should be fixed *ad hoc* on cost accounting of the manufacturer provided that in no case should the fair selling price so fixed exceed 14 annas per inch gross during the period ending 31st March 1948 and 12 annas per inch gross during the period from 1st April 1948 to 31st March 1950.

(5) Licences to import die steel and high speed steel should be given freely to the woodscREW industry.

(6) If the woodscREWS industry is to be developed on a rational basis, the factories must be spread out at convenient centres throughout the country.

8. The Government of India wish to draw the attention of the industry to recommendation (1) above and expect that the industry will take the necessary steps to give effect to it.

4. Government accept recommendation (2) and steps have already been taken in the Department of Industries and Supplies to make available to the woodscREWS industry the required quantity of steel wire. The Government of India expect that manufacturers of woodscREWS will take the necessary steps to form themselves into an association and place bulk orders for their requirements of steel wire.

5. The Government of India accept recommendation (3) in paragraph 1 above and will take suitable action to implement it, if and when necessary.

6. Government accept the Board's recommendation for the levy of a protective duty contained in paragraph 2 (4) above and have decided to replace the existing revenue duty of 30 per cent. on iron and steel woodscREWS assessed at present under item 63 (28) of the Indian Customs Tariff by a protective *ad valorem* duty of 30 per cent. till the 31st March 1950. In view of the figures quoted by the Tariff Board relating to the indigenous cost of production of woodscREWS and the cost of the imported article, Government have come to the conclusion that the 30 per cent. protective duty would adequately safeguard the industry in the transition period and they are unable, therefore, to accept the Board's recommendation that annas 14 per inch gross during the period ending 31st March 1948 and annas 12 per inch gross during the period from 1st April 1948 to 31st March 1950 should be taken as the c.i.f. price limits for purposes of granting further assistance to the industry.

7. As regards recommendation (5) Government will grant the requisite facilities whenever they are approached by the manufacturer.

8. The Government of India accept recommendation (6) and will take such steps as are possible to ensure regional development of the woodscREWS industry on rational lines in respect of the plants to be set up in future.

ORDER

ORDERED that a copy of this Resolution be communicated to all Provincial Governments, all Chief Commissioners, the several Departments of the Government of India, the Political Department, the Private and Military Secretaries to His Excellency the Viceroy, the Central Board of Revenue, the Auditor General, the Director General of Employment and Resettlement, the Director General, Industries and Supplies, the High Commissioner

for India in London, the Economic Adviser to the Government of India, the Director of Commercial Intelligence, Calcutta, the Indian Trade Commissioner, London, the Indian Trade Commissioners, at New York, Buenos Aires, Toronto, Alexandria, Colombo, Paris, Mombasa, Tehran and Sydney, the Trade Agent, Kabul, His Majesty's Senior Trade Commissioner in India, the American Consulate General, Calcutta, the Canadian Trade Commissioner in India, the Australian Trade Commissioner in India, the Secretary, Tariff Board, Bombay, the Chief Controller of Imports, and all recognised Chambers of Commerce and Associations.

ORDERED that a copy be communicated to the Government of Burma.

ORDERED also that it be published in the *Gazette of India*.

No. 218-T(20)/47.—In their Resolution in the Department of Commerce No 218-T(35)/45, dated the 3rd November 1945, the Government of India referred to the Tariff Board a claim for protection received from the antimony industry. The terms of reference to the Tariff Board are contained in paragraph 5 of that Resolution.

2. The Board, having considered this claim, submitted a report to Government. Its recommendations were, however, based on the assumption that the industry would depend exclusively on the indigenous ore, and were later modified when it was found that imported ore was being used. The Board considers that the industry is established on sound business lines and enjoys natural advantages. It has recommended the grant of protection to the industry its main revised recommendations being as follows:—

(i) A protective duty of Rs. 60 per cent. should be levied up to the end of March 1949;

(ii) The specific duty should be modified under section 4(i) of the Indian Tariff Act of 1934 in the light of any variation in the c.i.f. price of star antimony imported from anywhere above Rs. 90 or below Rs. 80 per cwt.;

(iii) There should be separate heads in the Tariff Schedule for antimony and antimony crude. The specific duty on antimony crude should be 70 per cent. of the duty levied on antimony metal;

(iv) Government should pay a subsidy to the Refinery in respect of actual sales equal to the difference between the sale price of Rs. 150 per cwt. and the actual cost of production in 1947 but not exceeding Rs. 18 per cwt. The payment of subsidy should be similarly determined at the end of 1948 in the light of actual cost of production in 1948.

(v) In consideration of the grant of subsidy the Refinery should give an undertaking that all antimony would be sold at a maximum price of Rs. 150 per cwt.;

(vi) The Central Government in the Department of Industries and Supplies should give every assistance to the Mining Company to secure a generating plant for working the flotation plant at the minehead;

(vii) The Central Government in the Department of Labour should examine the feasibility of constructing a road 40 miles in length over the Dir Pass between Peshawar and Chitral construction being justified if the road will also serve other purposes than reducing the cost of antimony ore mined at Chitral;

(viii) A review should be undertaken in the course of the year 1947 and the question whether the Company should be asked to constitute itself into a public limited concern should be examined;

(ix) Government requirements of antimony should be met from the indigenous production, even if the price of imported material is lower than that of Indian production.

3. The Government of India have carefully considered these recommendations. While they are unable to agree that the industry can be described as having natural advantages, in view of the fact that the ore is mined in a remote and inaccessible region and transport from the minehead in Chitral to the railhead at Durgai forms the main item in the cost of production, they accept the view that the industry is deserving of protection as a key industry. Since antimony is an essential material for munitions production, as well as for such important industrial requirements as type metals and anti-friction bearing metals, the national importance of the industry is sufficient

to outweigh the natural disadvantages from which it suffers.

4. Government find that since the time of the Tariff Board's report the position has changed in several material particulars. Apart from the fact, which caused the Board to revise its recommendations, that the industry has been using some quantity of imported ore, the cost of production at the Star Metal Refinery has fallen to Rs. 195 per cwt., while the landed cost, including duty, of imported antimony is reported to have risen to Rs. 162-8 per cwt. In view of these developments, Government consider that it would clearly be unnecessary to subsidise the industry and it would be sufficient to grant protection by means of a protective *ad valorem* duty.

5. Government also observe that no reliable estimate of the volume of ore deposits in Chitral was available to the Tariff Board. If the ore resources should prove to be limited, it would be unwise to exploit them at the present time and the more prudent course would be to keep them as a strategic reserve for utilization at a time of emergency. Government accordingly propose to arrange for an investigation into the extent of the ore deposits.

6. Meanwhile, Government have decided to convert the existing revenue duty on antimony of 30 per cent. *ad valorem* into a protective *ad valorem* duty at the same rate. This will serve as an assurance to the industry that it is considered deserving of protection and will enable Government to accord a further degree of protection, by executive action, if and when considered desirable. The present high landed cost of imported antimony will also in the opinion of Government, provide sufficient protection for the industry for the present.

7. Government accept recommendation (iii), except that the protective duty on crude antimony will be an *ad valorem* duty of 20 per cent. (approximately 70 per cent. of the duty on antimony). Recommendations (vi), (viii) and (ix) are accepted and steps will be taken to give effect to them. If, however, the ore deposits should prove to be limited it will be necessary to reconsider recommendation (ix). Recommendation (vii) will be further examined in the appropriate department of Government.

8. The necessary legislation to give effect to these decisions will be undertaken as soon as possible.

ORDER

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ORDERED that a copy be communicated to the Government of Burma.

ORDERED also that it be published in the *Gazette of India*.

No. 218-T(19)/47.—In their Resolution in the Department of Commerce, No. 218-T(55)/45, dated the 3rd November 1915 the Government of India referred to the Tariff Board a claim to protection received from the caustic soda and bleaching powder industry. The terms of reference to the Tariff Board are contained in paragraph 5 of the Resolution.

2. The Board, having considered this claim, has submitted its report to Government. The Board considers that the caustic soda and bleaching powder industry

qualifies for the grant of protection in the transition period and its recommendations are as follows:—

(1) As the production of caustic soda and bleaching powder in the country is much below its requirements, it is desirable to increase the production of these chemicals by setting up additional plants. The Board was advised that an electrolytic plant with a rated capacity of 15 to 20 tons of caustic soda per day would constitute an economic unit.

(2) Any wartime system of control of monopoly should now be brought to an end and caustic soda should be included in the open general licence. Licences for importing this article at competitive prices from non-sterling countries should be given freely.

(3) The scheme of protection recommended by us for the Mettur Chemical and Industrial Corporation for a period of two and a half years from 1st October 1946 to 31st March 1949 may be divided into two equal halves, namely, from 1st October 1946 to 31st December 1947 and from 1st January 1948 to 31st March 1949. The Company will need assistance only during the first half of the protection period and should be able to stand on its own legs during the second half. A review should be undertaken at the end of 1947 to find out if the Company's plans in regard to the installation of additional plant have been carried out.

(4) Protection should be given to the Company through a subsidy, on the basis of its actual sales, equal to the difference between its fair selling prices and the landed costs including duty. During the period, that the Company receives a subsidy from Government, it must give an undertaking to sell these products at prices not higher than those of imported articles.

(5) (i) *Caustic Soda*.—A subsidy of Rs. 2 per cwt. should be paid to the Company on the basis of actual sales of caustic soda from 1st October 1946 to 31st December 1947. If during this period the landed cost (including duty) falls below or rises above Rs. 15-10-0 per cwt., the subsidy should be increased or reduced correspondingly. For the second half of the protection period, if the landed cost of caustic soda remains at the present level, no subsidy should be paid to the Company. If the landed cost falls below Rs. 15-9-0, a subsidy should be paid on the actual sales at a rate equal to the difference between Rs. 15-9-0 being the Company's fair selling price of the product and the average landed cost (including duty) for the period.

(ii) *Bleaching powder*.—During the first half of the protection period, the Company should be paid a subsidy at the rate of Rs. 1-13-0 per cwt. on its actual sales of bleaching powder from 1st October 1946 up to the 31st December 1947. If, during this period, the landed cost (including duty) of bleaching powder falls below or rises above Rs. 11-5-0 per cwt., the subsidy should be increased or reduced correspondingly. If, during the second half of the protection period, the present landed cost of Rs. 11-5-0 per cwt. remains steady, no subsidy should be paid to the Company. If, however, during this period, the landed cost falls below Rs. 11-5-0 per cwt., the Company should be paid a subsidy, on actual sales, equal to the difference between Rs. 11-5-0 being the Company's fair selling price of the product and the average landed cost (including duty) for the year.

(iii) *Liquid Chlorine*.—Since the Company's fair selling price for this product is well below the present-day selling price, no subsidy or protection is required. The Company should sell it at competitive rates so as to stimulate the consumption of this important chemical in India and to encourage its consumers to use this product in large quantities.

(6) There is no case for recommending the conversion of the existing revenue duty on caustic soda into a protective duty. If, in the interests of the general industrial advancement of the country, Government should decide during the protection period to lower the cost of caustic soda to consumers by reducing or abolishing the existing duty, the subsidy should be increased correspondingly so as to equalise the fair selling price with the new landed cost consequent on the reduction or abolition of the duty.

(7) Government should appoint an Inspector to visit the Company's works periodically and ensure that all possible

measures of economy are being undertaken and that the company's plans for making its plant up-to-date and for adding new machinery are being implemented.

(8) Government should give facilities to the manufacturers of caustic soda, bleaching powder and liquid chlorine, for importing up-to-date plant from abroad or for making replacements of their machinery by new parts. For this purpose manufacturers should be given import licences and the necessary foreign exchange. The import duty on machinery hereafter imported for the production of caustic soda, bleaching powder and liquid chlorine should be refunded.

(9) Government should consider the desirability of either themselves setting up or giving encouragement to the installation of two or three large factories for the manufacture of caustic soda so as to satisfy the requirements of the country which amount to nearly 70,000 tons per annum.

(10) In setting up these factories, due consideration should be given to the disposal of chlorine which has so far proved a handicap in the development of the alkali industry in India. From this point of view, some of these plants should be based on the production of caustic soda by the causticizing of lime process in which the problem of disposal of chlorine does not arise.

(11) Where cheap electric power is available and other factors are favourable to the setting up of electrolytic plants, plans should be devised for the proper disposal of chlorine by the manufacture of its compounds, so that the chlorine generated in the process may be fully utilised.

(12) Plans should be made for the full utilization of the hydrogen generated in the electrolytic process.

(13) Where plants for the manufacture of caustic soda either by the electrolytic or by the causticizing process are established, Government should grant concession rates for the transport of materials and especially low rates for electric power, so that caustic soda and bleaching powder may be manufactured and supplied to consuming industries at reasonable rates.

(14) These new plants should be of fairly large size, preferably having a capacity of 15 to 20 tons of caustic soda per day, so that the incidence of overheads on the cost of manufacture may be small.

(15) Arrangements should be made for getting experts, especially conversant with the alkali industry, to work these plants for the first few years till the alkali industry in India is placed on a sound and firm footing and is able to stand on its own legs.

8. The Government of India accept recommendation (2) of the Board and will take steps to implement it.

4. As regards recommendations (3), (4) and (5), while the Government of India accept the figures relating to the landed costs of the chemicals referred to therein, they are not satisfied that in assessing the costs of production the Board has given sufficient credit for the sale of chlorine. Government have decided to grant a subsidy to the Mettur Chemical and Industrial Corporation based on actual sales of caustic soda and bleaching powder, on the scales and subject to the conditions recommended by the Board, but the amount of subsidy shall be reduced if, upon examination of their accounts, it is found that the Company have made profits on the sale of liquid chlorine in excess of the profits allowed for this item by the Board in preparing its estimate of fair selling prices. The subsidy will, as recommended by the Board, be payable only on the condition that the Company sells its caustic soda and bleaching powder at prices not higher than those of the imported materials.

5. Recommendation (6) will be considered if and when the necessity arises. The Government of India propose to take suitable action to implement recommendation (7).

6. As regards recommendation (8), Government will, so far as possible, grant the requisite facilities whenever they are approached by the manufacturers; the question of remission of duty on imported machinery is under consideration.

7. The Government of India wish to draw the attention of the industry to recommendations (1), (9), (10), (11), (12), (14) and (15) of the Board contained in para. 2 of this

Resolution and hope that the industry will take necessary steps to give effect to these recommendations; Government are also prepared to assist the industry in all practicable ways in implementing the recommendations.

8. Government are actively considering recommendation (13) of the Board.

ORDER

ORDERED that a copy of this resolution be communicated to all Provincial Governments, all Chief Commissioners, the several Departments of the Government of India, the Political Department, the Private and Military Secretaries to His Excellency the Viceroy, the Central Board of Revenue, the Auditor General, the Director General of Employment and Resettlement, the Director General, Industries and Supplies, the High Commissioner for India in London, the Economic Adviser to the Government of India, the Director of Commercial Intelligence, Calcutta, the Indian Trade Commissioner, London, the Indian Trade Commissioners at New York, Buenos Aires, Toronto, Alexandria, Colombo, Paris, Mombasa, Tehran and Sydney, the Trade Agent, Kabul, His Majesty's Senior Trade Commissioner in India, the American Consulate General, Calcutta, the Canadian Trade Commissioner in India, the Australian Trade Commissioner in India, the Secretary, Tariff Board, Bombay, the Chief Controller of Imports, and all recognised Chambers of Commerce and Associations.

ORDERED that a copy be communicated to the Government of Burma.

ORDERED also that it be published in the *Gazette of India*.

No. 218-T(10)/47.—In their Resolution in the Department of Commerce No. 218-T(55)/45, dated the 4th May 1946, the Government of India referred to the Tariff Board a claim for protection received from the bicycles industry. The terms of reference to the Tariff Board are contained in paragraph 5 of Commerce Department Resolution No. 218-T(55)/45, dated the 3rd November 1945.

2. The Board having considered this claim, has submitted its report to Government. The Board considers that the bicycles industry qualifies for grant of protection in the transition period, and has made the following recommendations:—

(i) the existing *ad valorem* duty of 24 per cent should be converted into a protective duty at the same rate to remain in force till the 31st March 1949. If the total landed cost of an imported bicycle inclusive of duty goes below Rs. 109 during the period ending 31st March 1948 and goes below Rs. 100 during the period from the 1st April 1948 to 31st March 1949, action should be taken under Section 4(1) of the Indian Tariff Act of 1934 to raise the duty so as to make the landed cost inclusive of duty of a bicycle Rs. 109 during the first period and Rs. 100 during the second period. The cycle referred to is the standard gents' bicycle with 24 inches frame without any accessories;

(ii) in the Tariff Schedule cycles and spare parts should be shown separately under the categories (a) cycles (other than motor cycles) imported entire or in sections, (b) cycle frames, (c) handlebars for cycles, and (d) all other parts and accessories of cycles not otherwise specified (excluding rubber tyres and tubes);

(iii) the Steel Controller should give special facilities for the manufacture and supply by the Indian steel manufacturers of the steel required by the cycle industry.

(iv) it should be made a condition of the grant of protection that the cycle industry should actually spend or set apart specified amounts for research;

(v) the import duty on machinery imported for the manufacture of cycles should be refunded;

(vi) bicycles required by the departments of Government, both civil and military, should be purchased from indigenous manufacturers.

8. The Government of India accept recommendation (i) and have decided to replace the existing standard

rate of 36 per cent. *ad valorem* and preferential rates of 24 per cent on manufactures of the U.K. and 12 per cent on manufactures of Burma by protective *ad valorem* duties of 36 per cent, 24 per cent and 12 per cent respectively. These protective duties will remain in force till the 31st March 1949. Appropriate action under section 4(1) of the Indian Tariff Act, 1934 will be taken if the c.i.f. prices of the imported bicycle fell below the levels indicated in paragraph 2 (i) of this Resolution.

4. Government accept recommendations (ii) and (iii) and necessary action is being taken to implement them.

5. The Government of India attach great importance to recommendation (iv) and expect that each of the Indian manufacturers will spend or set apart for research in a separate fund a sum of not less than Rs. 50,000 in the year 1947 and Rs. 70,000 in the year 1948. Government reserve the right to withdraw the protective duties agreed to in paragraph 3 above if the industry fails to set aside the amounts specified for research.

6. Recommendation (v) will be considered along with the general proposal for remission of import duty on machinery which is under the consideration of Government. With regard to recommendation (vi) Government consider that this is sufficiently covered by the orders already in force in regard to purchase of bicycles by Government Departments.

ORDER

ORDERED that a copy of this Resolution be communicated to all Provincial Governments, all Chief Commissioners, the several Departments of the Government of India, the political Department, the Private and Military Secretaries to His Excellency the Viceroy, the Central Board of Revenue, the Auditor General, the Director General of Employment and Resettlement, the Director General, Industries and Supplies, the High Commissioner for India in London, the Economic Adviser to the Government of India, the Director of Commercial Intelligence, Calcutta, the Indian Trade Commissioner, London, the Indian Trade Commissioners at New York, Buenos Aires, Toronto, Alexandria, Colombo, Paris, Mombasa, Tehran and Sydney, the Trade Agent Kabul, His Majesty's Senior Trade Commissioner in India, the American Consulate General, Calcutta, the Canadian Trade Commissioner in India, the Australian Trade Commissioner in India, the Secretary, Tariff Board, Bombay, the Chief Controller of Imports, and all recognised Chambers of Commerce and Associations.

ORDERED that a copy be communicated to the Government of Burma.

ORDERED also that it be published in the Gazette of India.

No. 218-T(27)/47.—In their Resolution in the Department of Commerce No. 218-T(55)/45, dated the 4th May 1946, the Government of India referred to the Tariff Board a claim to protection received from the sewing machine industry. The terms of reference to the Tariff Board are contained in paragraph 5 of Commerce Department Resolution No. 218-T(55)/45, dated the 3rd November 1945.

2. The Board, having considered this claim, has submitted its report to Government. The Board considers that this industry qualifies for the grant of protection in the transition period and has made the following recommendations:—

(i) "A protective duty of 24 per cent *ad valorem* should be imposed on sewing machines imported from U.K. which should remain in force up to the 31st March 1949.

If there is an appreciable fall in the c.i.f. prices or in the selling expenses of Singer sewing machines 15 K 81 and 15 K 80, which may lower the margin of difference between the retail selling prices of these two Singer machines and the corresponding 'Usha' machines i.e., a difference of Rs. 50 in 1946-47, Rs. 40 in 1947-48 and Rs. 30 in 1948-49, the measure of protection is likely to be jeopardised and it would be open to the industry to apply to Government for a review of the case.

(ii) The present Tariff Item 72(10) of the First Schedule should be split up into two items as below:—

Item	Article	Duty
72 (10)	Knitting machines (and parts thereof) to be worked by manual labour or which require for their operation less than one-quarter of one brake-horse-power.	The rate of duty to remain the same as now, on a preferential revenue basis.
72 (11)	Sewing machines (and parts thereof) to be worked by manual labour or which require for their operation less than one-quarter of one brake-horse-power.	There should be a protective duty of 24% <i>ad valorem</i> until the 31st March 1949.

(iii) In order to encourage expansion of the industry, the import duty on machinery required for the industry should be refunded with retrospective effect from 4th May 1946, which is the date of the reference of the case to the Board.

(iv) The industry should maintain satisfactory cost accounts for sewing machines in future".

3. The Government of India accept recommendation (i) and have decided to replace the existing standard rate of 36 per cent. *ad valorem* and the preferential rates of 24 per cent. on manufactures of U. K. and 12 per cent. on manufactures of Burma by protective duties of 36 per cent, 24 per cent. and 12 per cent. respectively. These protective duties will remain in force up to the 31st March 1949.

4. Government accept recommendation (ii) and have accordingly decided to split up the existing tariff item 72(10) as suggested by the Tariff Board.

5. Government are actively considering recommendation (iii) relating to remission of duty on imported machinery. There is, however, no sufficient reason for refunding the amount of customs duty already paid by the industry on imported machinery.

6. The Government of India wish to draw the attention of the industry to recommendation (iv) contained in paragraph 2 of this Resolution and expect the industry to take necessary steps to implement it; Government also propose to satisfy themselves that the industry actually maintains satisfactory cost accounts in respect of the manufacture of sewing machines in future.

7. The Government of India also wish to impress upon the industry the necessity for paying sufficient attention to research by setting aside adequate funds for the purpose.

ORDER

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ORDERED that a copy be communicated to the Government of Burma.

ORDERED also that it be published in the Gazette of India.

No. 218-T(28)/47.—In their Resolution in the Department of Commerce No. 218-1. (30)/46, dated the 3rd November 1946, the Government of India referred to the Tariff Board a claim to protection from the Aluminium Industry. The terms of reference to the Tariff Board are contained in paragraph 5 of the Resolution.

2. The Board, having considered this claim, has submitted its Report to Government. The Board considers that the aluminium industry qualifies for the grant of protection and has made the following recommendations:—

(1) "The Board draws the attention of Government to the question of railway freights and port dues charged on raw materials and semi-manufactured goods and recommends examination by the appropriate authority with a view to eliminating factors which may retard the attainment of low costs of production of aluminium ingot and expansion of production of aluminium in the country.

(2) Government should take active steps to ensure that the reduction works at Alwaye get the power necessary for attainment of full production as early as possible.

(3) Steps should be taken to encourage expansion of production so as to meet the home demand.

(4) Specifications should be prescribed to ensure the purity of the metal used in utensil making, this being essential in view of the large quantity of utensils consumed in the country.

(5) Government should help the rolling mills to procure modern up-to-date equipment from abroad as soon as possible.

(6) The problem of protecting the industry has to be met by a system of protective duty on imports on the one hand and subsidy to the home producer on the other.

(7) The scheme of protective duty-cum-subsidy should be based on the selling price to the consumer of Rs. 1,600 per ton of ingot for the period ending March 1949. This price should be fixed as the maximum selling price. The maximum selling price for sheets and circles should be fixed at Rs. 2,450 per ton equal to the present lowest landed cost.

(8) A specific duty of Rs. 590 per ton should be levied on imports of aluminium ingot into the country for the period ending 31st March 1949. If the landed cost *ex-duty* on imported ingot falls below Rs. 980 per ton, action should be taken under section 4(1) of the Indian Tariff Act, 1934, to raise the duty so as to maintain the measure of protection recommended by us. There should be no modification in the selling price recommended during the period of protection.

(9) A specific duty of Rs. 590 per ton should be levied on aluminium sheets and circles for the period ending March 31, 1949. Should the landed cost *ex-duty* fall below Rs. 1,880 per ton, the amount of duty should be raised so as to bring up the total landed cost including duty to Rs. 2,450 per ton and thereby to maintain the measure of protection recommended by us.

(10) A subsidy should be paid to the Aluminium Corporation of India and, if so decided by Government, to the Indian Aluminium Company, equal to the difference between their fair selling price or cost of production including profit and the selling price recommended by us. On this basis, the Company should be paid a subsidy of Rs. 817 per ton during the six months October—March 1946-47, Rs. 586 per ton in 1947-48 and Rs. 800 per ton in 1948-49. The Corporation should be paid a subsidy of Rs. 848, Rs. 576 and Rs. 268 per ton respectively during the three periods. The subsidy should be paid on the actual production.

(11) If the production assumed in the case of the Indian Aluminium Company, were exceeded the cost of production and fair selling price would correspondingly fall and the amount of subsidy payable should also be reduced. A review should be undertaken for this purpose some time in 1948.

(12) The cost of the subsidy can be met from the additional revenue expected as a result of the higher

duties recommended, and a substantial part of the balance of such additional revenue, *i.e.*, excluding the equivalent of the existing revenue duty proceeds, should not be carried to the general revenues of the State, but should constitute an Aluminium Development Fund to be utilised for the development of the aluminium industry.

(13) Aluminium products should be placed on the list of open general licence with effect from the date on which the scheme of protection comes into force.

(14) The pool arrangement should be terminated when the scheme of protection comes into force and the balance in the pool fund merged in the Aluminium Development Fund, recommended by us.

(15) The prices fixed for utensils under the Aluminium Utensils Control Order should be revised when the issue price of ingot is reduced from the present level of Rs. 2,100 per ton to Rs. 1,600 per ton.

(16) Aluminium foil should be treated as an aluminium product, subject to the protective duty of Rs. 590 per ton as in the case of ingots, sheets and circles and other products.

(17) The Aluminium Industries Limited, of Trivandrum should be given a rebate on duty in excess of 30 per cent. on the basis of the quantity of aluminium cables produced and marketed by them. The concession of rebate of duty in excess of 80 per cent. *ad valorem* should be extended to any other producers of aluminium cables who may come into existence during the protection period. The rebate under this recommendation may be a charge on the Aluminium Development Fund, if our recommendation in regard to it is accepted.

(18) We recommend to the aluminium interests to form a strong organisation comprising the whole industry for giving general guidance to the industry and representing it *vis-a-vis* Government and organisations of the industry in other countries".

3. The Government have, after careful consideration, come to the conclusion that aluminium is a 'key' industry which should be developed in India. They feel, however, that the Tariff Board's report raises various issues of great importance and that a further technical examination of these issues is necessary. They have, therefore, decided to appoint an official committee to carry out a further investigation of a technical nature, and will defer passing orders on the Tariff Board's report until the further investigation has been carried out.

4. Pending completion of the Committee's enquiry the existing pool arrangement for aluminium, by which imports and local production are pooled together and a common price fixed, modified to suit changed conditions, will be continued. The Industries and Supplies Department will extend the arrangement to cover aluminium sheets and circles as well and will continue to operate the pool in such form and manner as may be warranted from time to time.

ORDER

ORDERED that a copy of this Resolution be communicated to all Provincial Governments, all Chief Commissioners, the several Departments of the Government of India, the Political Department, the Private and Military Secretaries to His Excellency the Viceroy, the Central Board, of Revenue, the Auditor General, the Director General of Employment and Resettlement, the Director General, Industries and Supplies, the High Commissioner for India in London, the Economic Adviser to the Government of India, the Director of Commercial Intelligence, Calcutta, the Indian Trade Commissioner, London, the Indian Trade Commissioners at New York, Buenos Aires, Toronto, Alexandria, Colombo, Paris, Bombay, Telran and Sydney, the Trade Agent, Kabul, His Majesty's Senior Trade Commissioner in India, the American Consulate General, Calcutta, the Canadian Trade Commissioner in India, the Australian Trade Commissioner in India, the Secretary, Tariff Board, Bombay, the Chief Controller of Imports, and all recognised Chambers of Commerce and Associations.

ORDERED that a copy be communicated to the Government of Burma.

ORDERED also that it be published in the *Gazette of India*.

No. 218-T(30)/47.—In their Resolution No. 28-T(9)/46, dated the 20th January 1947, in the Department of Commerce, the Government of India requested the Tariff Board to hold a summary enquiry and advise Government whether, in the present circumstances, protection at the existing or at a different scale should be granted for a further year after the 31st March 1947 to the iron and steel industry. The Board, having conducted an enquiry has submitted its report. Its main recommendations are as follows:—

(i) The scheme of protection to the industry should be terminated with effect from the end of March 1947, except in respect of certain special items such as alloy, tool and special steels, high silicon electrical steel sheets and high carbon and spring steel wires

(ii) Unless budgetary considerations dictate otherwise, the revenue duty to be imposed on the de-protected items should not be higher than the existing level of protective duties applicable to these items. It is a matter for consideration by the Government whether they should not take advantage of the present opportunity to bring about, as far as possible, a uniform scale of revenue duties applicable to all similar categories of steel and iron products.

(iii) Pending the results of a detailed enquiry into (a) alloy, tool and special steels [item 63(2) and 63(3)], (b) high silicon electrical steel sheets (63/20) (c) high carbon and spring steel wires (63/25), the prevailing duties on these articles should be continued.

(iv) With a view to allaying the fears of the industry and encouraging investment of capital for expansion, Government should, simultaneously with the termination of protection to the iron and steel industry, make a declaration that this industry would be free at any time to approach them with a request for protection from competition from abroad and that, in the event of such a request being made Government shall forthwith institute a tariff inquiry, and on the results of the tariff inquiry Government would give the industry the necessary protection.

2. Government accept recommendations (i) and (iii) and will introduce legislation as soon as possible to give effect

to the decision that protection will be continued to the special types of steel mentioned. The protective duties on other types of iron and steel will lapse from the 1st April 1947.

3. The question of the rates of revenue duty to be imposed in place of the protective duties is under consideration and a separate announcement will be made on the subject.

4. Government are pleased to give an assurance to the iron and steel industry that it will be free at any time to approach them with a request for protection from competition from abroad, and that, in the event of such a request being made, Government will forthwith institute a tariff enquiry if satisfied that since the receipt of the Tariff Board's report there has been a change in conditions which would justify the institution of a fresh enquiry.

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Y. N. SUKTHANKAR, Secy.

